

Message Text

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63

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 ACDA-19

AID-20 IGA-02 MC-02 OMB-01 TRSE-00 EB-11 DRC-01 /145 W

----- 027550

R 151240Z MAY 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3297

INFO DOD/ISA WASHDC

CINCPAC HAWAII

C O N F I D E N T I A L BANGKOK 7918

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS : MASS, TH

SUBJECT : FMS CREDIT FOR THAILAND

1. SUMMARY. IN MAY 13 CONVERSATIONS WITH ROYAL THAI GOVERNMENT (RTG) MINISTRY OF FINANCE (MOF) AND MINISTRY OF DEFENSE (MOD), SEVERAL KEY OFFICIALS INDICATED DISTINCT INTEREST IN THE RTG AVAILING ITSELF OF FMS CREDIT TO MEET DEFENSE MATERIEL REQUIREMENTS. MILITARY LOGISTIC OFFICIALS APPARENTLY MAY SEEK TO STIR INTEREST WITHIN RTG FOR FY 74 CREDIT (ALTHOUGH WE DOUBT THEY CAN MOVE THIS QUICKLY). THEIR INTEREST IN FMS CREDIT IN FY 75 AND ON-GOING YEARS IS PRONOUNCED. END OF SUMMARY.

2. ON OCCASION OF MAY 13 DISCUSSIONS WITH MOF AND MOD OFFICIALS CONCERNING THE CONCEPTS AND PROCEDURES OF FMS CREDIT DURING CALLS BY DOD/ISA:DSA'S BERNARD OXMAN AND EMBASSY OFFICERS, THAI OFFICIALS INDICATED THAT THE CENTRAL GOVERNMENT IS RECONSIDERING ITS TRADITIONAL RELUCTANCE TO BORROW MONEY FOR DEFENSE PURPOSES IN LIGHT OF BUDGETARY PRESSURES CAUSED IN PART BY FAILURE TO RECEIVE AS MUCH FY 73 AND FY 74 MAP SUPPORT AS THEY HAD EXPECTED. A KEY MOF OFFICIAL STATED THAT THE RTG
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WOULD CONSIDER SEEKING CREDIT SOON, OUT OF NECESSITY

BEFORE A NEW GOVERNMENT IS ELECTED LATER IN THE YEAR OR EARLY NEXT YEAR. HE STATED THAT THE MOF WOULD EITHER BE REQUIRED TO SEEK AUTHORIZATION FOR BORROWING FOR DEFENSE PURPOSES FROM THE NATIONAL ASSEMBLY OR IT WOULD BE NECESSARY TO EMPLOY SOME SORT OF SEMANTIC SUBTERFUGE TO AVOID USING THE WORDS "CREDIT" IN NEGOTIATING WHAT WOULD IN FACT BE A CREDIT CONTRACT ARRANGEMENT. (THE RTG MUST BE SPECIFICALLY AUTHORIZED BY THE ASSEMBLY TO SEEK CREDIT FOR DEFENSE PURPOSES.) SENIOR MILITARY LOGISTIC OFFICERS EXPRESSED INTEREST IN GETTING CREDIT FUNDS AS SOON AS THEY WERE AVAILABLE, BUT THEY ADMITTED THAT THEY ARE DEPENDENT UPON THE MOF TO TAKE THE LEAD IN SEEKING SUCH FUNDS.

3. OXMAN AND EMBASSY OFFICERS OUTLINED CONCEPTS AND PROCEDURES OF FMS STRESSING BOTH GOOD AND BAD POINTS INVOLVED IN FMS CREDIT ARRANGEMENTS. NO PROMISES WERE MADE AND NO ENCOURAGEMENT WAS GIVEN THAT RTG MIGHT EXPECT FUNDS IN ANY GIVEN PROGRAM. OXMAN'S TREATMENT OF THE SUBJECT WAS FACTUAL, DISPASSIONATE AND THOROUGH.

4. WHILE PROCEDURAL OBSTACLES TO THE RTG'S SEEKING FMS CREDIT IN FY 74 ARE MANY, WE CANNOT RULE OUT THE SLIGHT POSSIBILITY THAT BY BURNING MIDNIGHT OIL THEY WILL COME UP WITH A CREDIT REQUEST WITHIN THE NEXT 10 DAYS. THEREFORE, THE DEPARTMENT AND DEPARTMENT OF DEFENSE SHOULD BE ALERT TO THIS POSSIBILITY.

5. PAST EXPERIENCE INDICATES THAT RTG IS MORE LIKELY TO PROCEED SLOWLY AND NOT REQUEST FMS CREDIT FOR SOME TIME. WE ARE ENCOURAGED TO NOTE, NEVERTHELESS, THAT UNDER THE PRESSURE OF REDUCED MAP GRANT AID, THAI ARE FINALLY COMING TO GRIPS WITH HARD-CORE BUDGETARY REALITIES. FOR IMMEDIATE FUTURE RTG NEEDS REASSURANCE THAT USG DOES NOT INTEND TO RENEGE ON MAP COMMITMENTS; WE URGE MAXIMUM POSSIBLE FY 74 MAP GRANT AID ALLOTMENTS FOR THAILAND BE MADE AVAILABLE WITHOUT FURTHER DELAY. FOR PERIOD AHEAD, WE URGE THAT STATE AND DEFENSE RESTORE FMS CREDIT ALLOCATION FOR THAILAND IN FY 75 SECURITY ASSISTANCE PROGRAM TO FACILITATE EVOLUTION OF RTG THINING IN THAT

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DIRECTION.
MASTERS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Disposition Date: 28 MAY 2004
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